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FM AMEMBASSY ASUNCION
TO RUEHC/SECSTATE WASHDC PRIORITY 6285
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C O N F I D E N T I A L ASUNCION 000879

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STATE FOR WHA/BSC (CCROFT, KREAD), S/CT (GNOVIS,
ASIERRA), INL (JSHOWELL, RHAWKINS)
TREASURY FOR CCORREA, FINCEN

E.O. 12958: DECL: 10/16/2027
TAGS: [ECON](#) [EFIN](#) [ETRD](#) [PREL](#) [PTER](#) [PA](#)
SUBJECT: FINANCIAL INTELLIGENCE UNIT UPDATE

REF: A. SECSTATE 113762
[1](#)B. ASUNCION 714
[1](#)C. ASUNCION 734

Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

[1](#)1. (SBU) The Director of the Secretariat to Combat Money Laundering (SEPRELAD), Gabriel Gonzalez, asked Pol/Econ Chief

October 10 for Embassy support to lobby Minister of Finance Cesar Barreto to pay Paraguay's dues to the Financial Action Task Force of South America (GAFISUD). Gonzalez indicated that a payment of USD \$71,000 is due on December 2007 (reftels) and Paraguay will be suspended from GAFISUD if it does not pay. Gonzalez also asked the Embassy to urge Minister of Commerce Ibarra to approve pending anti-money laundering regulations for the insurance sector. Gonzalez also expressed interest in doing a money laundering vulnerability assessment for Paraguay under the auspices of GASIFUD. (COMMENT: An assessment sponsored by GASIFUD is a non-starter if Paraguay is suspended for not paying its dues; Gonzalez said that the International Monetary Fund (IMF) could also conduct the assessment. END COMMENT).

[1](#)2. (SBU) Gonzalez also asked for Embassy support to move forward a new counter-terrorism (CT) bill. Gonzalez wants to begin working on a new terrorism finance bill and asked the Embassy to lobby the American-Paraguayan Chamber of Commerce (AMCHAM) to host an informational forum with private sector, government, and civil society representatives. Gonzalez indicated that he would like to hold the forum within the next two weeks. (COMMENT: This seems premature. Considering the objections to the CT text which was pulled from the draft criminal code, a more appropriate first step is to allow Congress to approve the criminal code before muddying the waters with a new, but still controversial, CT bill. Once the criminal code becomes law (perhaps by December), the Paraguayans should work to finalize the text of a new, separate CT bill which addresses civil society's concerns. In addition, it would be prudent to educate the press about the new CT bill with off-the-record briefings before any type of public forum is held. END COMMENT).

[1](#)3. (C) COMMENT: Gonzalez said he has tried to meet with President Duarte and Finance Minister Barreto but has not been able to get appointments. For a former President of Paraguay's Central Bank with alleged "close" ties to President Duarte, Gonzalez seems to be spinning his wheels - lots of action, but with little traction. Gonzalez told Embassy's RLA October 17 that he is trying to move several projects forward but cannot make headway on any of them. Our assessment is that Gonzalez is trying to do too much with too little. We will try to assist him in prioritizing his goals, starting with the GAFISUD payment. END COMMENT.

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